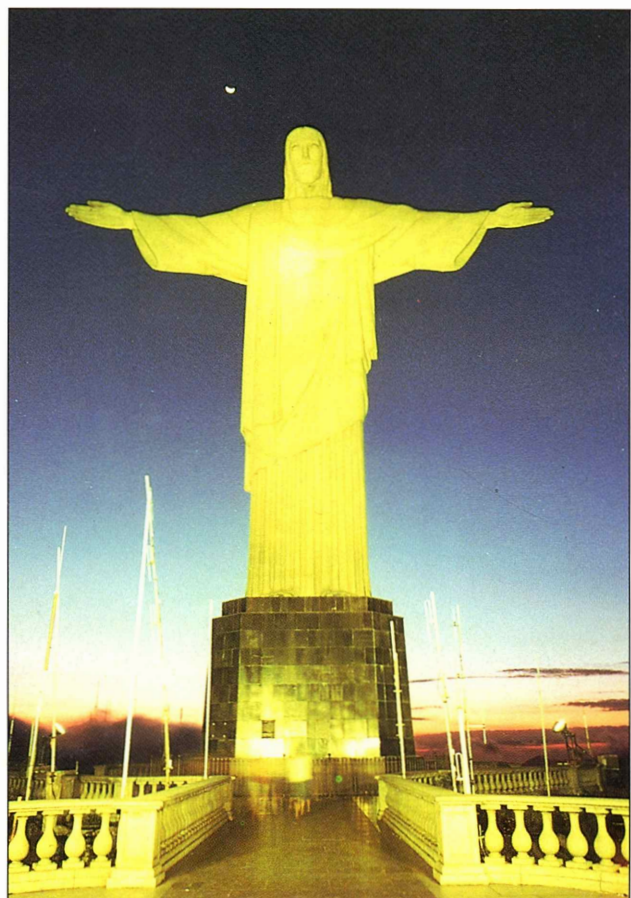


EAC MAGAZINE

3/DECEMBER 1988



**THEME:
EAC IN SOUTH
AMERICA**

- 2** Editorial
- 3** EAC plans new Head Office
- 4** People
- 6** EAC training a constant process
- 7** EAC in South America
- 9** Hotdogs in Venezuela
- 10** Danish Foreign Minister on democracy
- 12** Battling for a share of the market
- 16** News from the Shareholders' Secretariat
- 18** Recycled waste becomes food
- 19** Orchids in Malaysia
- 20** Siti Hansen back in Malaysia
- 22** Chinese construction project on schedule
- 24** Acquisitions in 1988



EAC Magazine 3/1988

DECEMBER 1988. ISSUE NO. 3, VOL. 31

PUBLISHED BY:

The East Asiatic Co. Ltd.
Holbergsgade 2
DK-1099 Copenhagen K

EDITORIAL STAFF:

Claus Arboe-Rasmussen
(liable under Danish law)
Geert Bruun
Jens Thaysen
Erik Piil Clausen
Gertie Steincke

EDITORIAL ADDRESS:

EAC Magazine
The East Asiatic Co. Ltd.
Information Dept.
Holbergsgade 2
DK-1099 Copenhagen K
Telephone 01 11 83 00
Telefax 01 32 83 53

ENGLISH TEXT:

English Translation Service, Hellerup

PRINTING: Bonde's, Copenhagen

FRONT AND BACK COVER:

EAC engages in many activities in South America. Three of the Group's divisions operate in Brazil, Colombia, Ecuador, Peru and Venezuela. The theme of this issue is EAC in South America. Pages 7-14.

EAC has 70 years' experience in South America

South America has been an area of special interest to EAC for more than 70 years. Over this period the Group's involvement has fluctuated, its activities being handled by its various divisions: Trading, Plumrose, Transport and Energy & Property.

This long historical association and modern marketing methods have equipped EAC admirably for the difficult market conditions prevailing in South America. We are by no means dismayed by the unflattering picture the press often presents of South America – with slums and decay. It is a picture that might otherwise dampen a company's enthusiasm for investment – but the impression is an erroneous one, based all too often on the shallow findings of a hasty press visit.

RECESSION AND MARKET POTENTIAL

It is, however, correct that the countries of South America are currently in the throes of a recession – yet the existing and future market potential is nevertheless sufficiently interesting for EAC, with its historical knowledge of the region, to keep a close eye on developments.

EAC knows its markets – and sees it as part of its duty to strengthen the communities in which the Group operates. South America is rich in raw materials and has strongly puls-

ing consumer interests; over the years it has built up its own 'internal market', which offers a challenge to international companies.

FOUR EAC DIVISIONS OPERATE THERE

EAC has recognised the import and export potential of the area. EAC Transport Division serves South American ports, and EAC Trading Division has applied Danish know-how in launching several industrial projects including the production of packaging for eggs and vegetables and the processing and distribution of wood products.

The quality foods of EAC Plumrose Division are on sale throughout South America, and EAC Energy & Property Division has established a niche for itself in the recycling of metals.

FOCUS ON ACQUISITIONS AND MALAYSIA

This issue of EAC Magazine examines as its theme the challenge of South America – but we have other interesting topics for the reader, too. There is a special series of articles on Malaysia, a country in which EAC is involved in a number of interesting new projects, and we have taken a look at the Group's acquisition of companies and ships during the first 10 months of 1988.

THE INFORMATION DEPARTMENT



EAC has been commercially involved in South America for the past 70 years. This picture from our archives shows milk powder being packed in sacks in Buenos Aires, Argentina

EAC to build new head office



It has been decided that EAC will build a new head office in Copenhagen only a stone's throw from the site of the Group's first head office built in the Free Port of Copenhagen in 1898. The new building is expected to be ready for occupation in 1993.

As a result of the expansion of recent years, accommodation at the present EAC Group head office in the centre of Copenhagen has become rather cramped. In addition, the existing building was never designed for a company as large and dynamic as EAC in the late 20th century. EAC will therefore invest approx. D.kr. 1,000m in a new office complex which, in addition to offices of more than 15,500 m² for EAC's own use, will have 32,000 m² for a range of business facilities, office accommodation and housing for rent.

PUBLIC ACCESS

There will be public access to the wharf from the adjacent green belt, and the design of the entire complex will be co-ordinated with the recreational areas near Langelinie and Kastellet.

The whole area is owned by the Port of Copenhagen Authority. In December 1986 EAC negotiated an option on the area. Since

then, a team of architects and civil engineers has been working on the project. EAC has obtained an 80-year lease.

THE OLD HEAD OFFICE

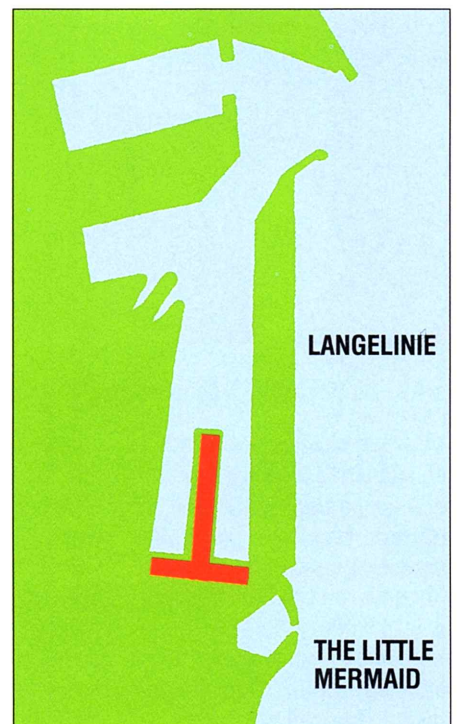
No decision has yet been made on the fate of the present head office on its site near Danmarks Nationalbank, the Royal Theatre and the city centre. A number of widely differing proposals are being considered.

EAC has had its head office at Holbergsgade 2 since 1908.

Inside the building there is plenty of evidence of the trading sectors in which EAC was most heavily engaged during the post-war years: plantations and shipping. There is every manner of grand wooden panelling, carefully fashioned and fitted in the best traditions of superb Danish craftsmanship. Over the years it has been necessary to expand into neighbouring properties. The overall result is a network of complex corridors and other structural factors which render Head Office less than ideal as the headquarters of a modern company.

The buildings will be sited in the immediate vicinity of the port, close to Langelinie and The Little Mermaid.

Architect's model (the darker shaded buildings) of the new EAC head office to be built in the Free Port of Copenhagen.



PEOPLE

Visit by Thai crown prince

Crown Prince Maha Varijalongkorn of Thailand visited EAC Head Office, Copenhagen, in September – emphasising the strong historical bond between Thailand and EAC.

The crown prince and his party were taken on a tour of Head Office, and his highness was particularly interested in EAC's mini museum, the exhibits in which illustrate clearly that EAC activities began in Thailand.

The prince was later guest of honour at a boardroom lunch. The prince presented EAC with an attractive silver shield – and in return received from EAC two Royal Copenhagen porcelain figures, designed by H.M. Queen Margrethe II. The figures represent two well-known characters in Hans Christian Andersen's fairy tale: The Shepherdess and the Chimney Sweep.



The Crown Prince of Thailand presents his gift to T.W. Schmith, chairman of the EAC Supervisory Board

The Crown Prince chats to EAC's presiding managing director, Henning H. Sparso (left), and the chairman of the Supervisory Board, T.W. Schmith. In the background: S. Storm-Jørgensen, former EAC managing director, and O.F. Andreasen, deputy Board chairman



EAC sponsors handicap yachtsman

At the age of 15 Jens Als Andersen sustained a back injury and became partially paralysed in both legs. Now 34 years old, Mr. Andersen gets around only with difficulty – and on crutches. But he is a keen yachtsman, and this summer he took part in a handicap event: The Single-handed Transatlantic Race –

crossing the Atlantic from Plymouth, England, to Newport, USA. EAC supported his entry by transporting his boat free of charge from the US east coast back to Scandinavia. In the picture Mr. Andersen is welcomed by his parents at Copenhagen Airport after the voyage out and the flight back.

Chinese Hans Christian Andersen specialist in Denmark

A leading specialist in the works of Danish writer Hans Christian Andersen – that's Prof. Ye Junjian of China, who visited Denmark in late summer under a cultural agreement between Denmark and the Chinese People's Republic. The 74-year-old professor, who is a member of the Danish Order of the Dannebrog, called at EAC's Head Office, where he told a large gath-

ering of journalists at a press conference of his biography of the Danish writer, his editing of many special editions of the famous fairy tales, and his translating, editing and publishing of the Danish writer's works in China. In the picture Prof. Ye Junjian (left) is pictured with his wife and Sven Ankersen, EAC China Trade.



PEOPLE

Language is a tool

Although the EAC corporate language is English, it is an undeniable advantage to be able to communicate in the local language in countries in which EAC does business. And it is an immensely valuable asset that EAC employees are familiar with aspects of the culture and history of their host countries.

Before taking up their posts in Beijing, China, EAC employees undergo a five-month intensive course in Hongkong. During this period, participants are trained by Mrs. Liu—who is Chinese and

has a profound knowledge of the Chinese language and her country's tradition.

The businessman can make all kinds of errors: for example, depending on the pronunciation, the Chinese word 'mai' can mean either 'buy' or 'sell'. So the newcomer to Beijing has to be careful—it would be just too embarrassing if he bought a factory instead of selling one ...

Lau Nygaard (right) and Peter Hedegaard are given a few pointers on Chinese culture before posting to Beijing.



Denmark's biggest fleet

John Hansen, a former Danish civil servant who enjoys his pensioner's life in a suburb of northern Copenhagen, has an all-consuming hobby: building model ships of metal. He is particularly interested in old Danish merchant-navy vessels. Models must be as accurate as possible, and it can be difficult now

and then getting the required information about colour of hull, etc.

Mr. Hansen often contacts EAC archives for relevant information, which is provided whenever possible. His collection now includes more than 40 old EAC ships—and more are on the way, he reports. His collection totals more than 2,000 model ships. He pointed out one or two of the finer details to our photographer.

Overseas executives visit Denmark

Twenty-two overseas executives from EAC departments throughout the world were in Denmark

at the end of June for a 14-day seminar during which they were introduced to the seven divisions and the various departments at Head Office. There were also visits to EAC subsidiaries in Denmark and northern Germany. The seminar is held at regular intervals.

It was not all shop talk: there was time for sightseeing in northern Zealand and a cruise in The Sound aboard the old schooner, ISEFJORD. On Midsummer Night's Eve the 22 overseas executives were private guests in the homes of colleagues from Head Office as part of the traditional 'Meet the Danes' event.



EAC training is a constant process

The only item of expenditure I actually enjoy watching grow is in-service training of EAC personnel!

The words are those of EAC's presiding managing director, Henning H. Sparsø, and they signal clearly the Group's attitude towards employees' career opportunities, corporate growth and consolidation of EAC assets.

Personnel training is the responsibility of Jens Bjergmose, training manager, whose job it is to chart the course of training that best combines the employee's personal wishes on the one hand with EAC's requirements on the other. In other words, EAC would not be prepared to finance an administrative employee's desire to take a course in the finer arts of cordon bleu cooking.

'But apart from that, there are plenty of options. If an employee can persuade us that a particular course lives up to EAC's quality standards, the company will meet the cost – provided, of course, the employee's immediate superior also endorses the course.' says Jens Bjergmose.

CLOSE TRAINING RELATIONSHIP

Like so many other international companies, EAC has a close working relationship with approved training establishments. The substance of the Group's management courses at all levels is planned in conjunction with other groups with whom EAC compares itself – irrespective whether such courses are conducted in Switzerland, France, Britain or the United States.

EXCHANGE OF EXPERIENCE

'It is very important for EAC that employees receive an up-to-date theoretical training which they can apply as a tool in their daily work. But at the same time, as an international organisation, EAC feels an obligation to place its employees on courses with – shall we say – comparable colleagues. This interchange of knowledge from different countries enables them to exchange experiences – which benefits all of us.' says Jens.



There is a longstanding tradition within EAC that all young trainees are trained for management positions. In addition to their natural training in their day-to-day business lives, they pursue courses in their spare time, too.

'But EAC's managerial training is never complete. Things change, new principles are adopted, and our executives continue to train and develop themselves throughout their service with EAC. They must have the opportunity to supplement their skills with the latest available know-how.' says Jens Bjergmose.

MARKETING

There is a persistent belief in the minds of many Danes – despite efforts to rectify the misconception – that EAC is simply a Danish shipping company which earns its money by transporting its own mahogany from Thailand to Europe.

Every week Jens Bjergmose, training manager, receives many offers of training courses for EAC employees from prospective suppliers in Denmark and abroad.

Those who know better (and they are increasing in number!) are aware that although that was indeed how EAC began business a century ago it has long since become an international trading company. In the process it has learned how to use a modern commercial tool: marketing.

Marketing is a basic element of EAC training policy – so basic in fact that even EAC employees with no direct links with commerce are encouraged to take marketing courses. They are encouraged – and participate – because it is the Group's declared aim that all EAC employees should be familiar with the principle on which the Group's existence depends.

EAC PLUMROSE DIVISION

VENEZUELA

Industria Envasadora Nacional C.A. (IENCA)

Caracas (administration) and Cagua (production).

Abattoir and processing, sale, wholesale and distribution of food products.

1,420 employees.

Part of the EAC Group since 1965.

ECUADOR

Empacadora Ecuatoriano-Danesa (ECUADASA) S.A.

Guayaquil, Quito and Manta.

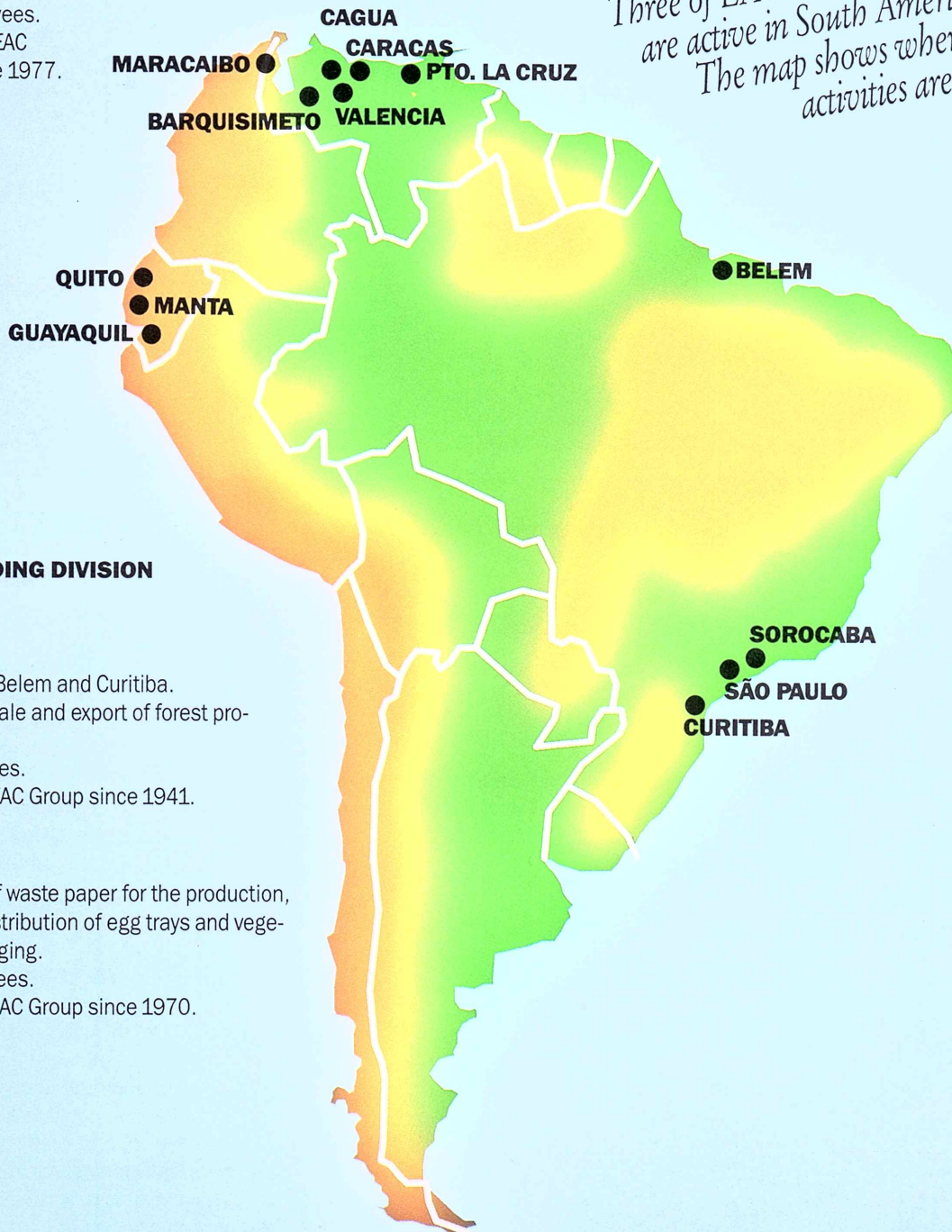
Abattoir and processing, sale, wholesale and distribution of food products.

214 employees.

Part of the EAC Group since 1977.

EAC IN SOUTH AMERICA

Three of EAC's seven divisions are active in South America. The map shows where these activities are concentrated.



EAC TRADING DIVISION

**BRAZIL
EACI**

São Paulo, Belem and Curitiba.

Purchase, sale and export of forest products.

15 employees.

Part of the EAC Group since 1941.

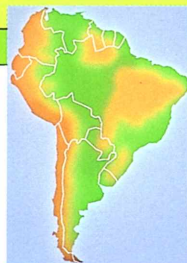
Mapol

Sorocaba.

Recycling of waste paper for the production, sale and distribution of egg trays and vegetable packaging.

511 employees.

Part of the EAC Group since 1970.



EAC agent for several lines in South America

Via EAC Transport Agencies, a branch of EAC Transport Division, the EAC Group helps indirectly to solve transportation problems in the South American continent. In Denmark EAC Transport Agencies is general agent for Johnson Line and Stream Line, which is part of the Laser Lines Group.

Johnson Line operates regular services between Europe and the west coast of South America, with three monthly sailings with containers, general cargo and refrigerated cargo.

Stream Line offers ro/ro liner services between Europe and ports in Venezuela and Columbia as well as other destinations.

Shipments of wine require continuous monitoring and careful documentation. EAC Transport Agencies employs the latest electronic technology for this purpose.

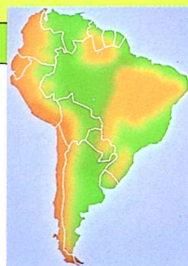
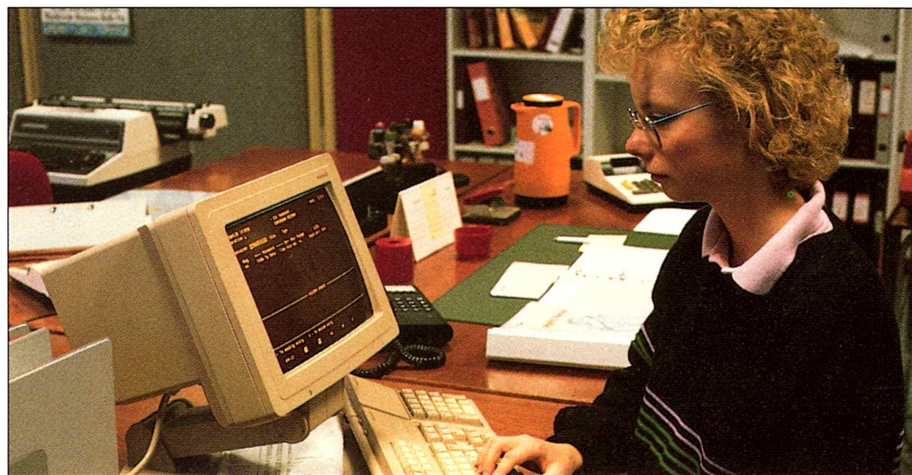
WINE FROM CHILE

EAC Transport Agencies has just initiated an interesting activity in Chile: shipment of Chilean wine, which is becoming a fashionable drink in Denmark. The first bulk con-

tainers of an order of several hundred thousand litres of Chilean wine are already on their way to the Danish consumer, and a small market has been tested for bottled wines.

Wines from Chile are produced from Sauvignon and Cabernet Sauvignon vines imported from France. Tasters maintain that the Chilean wines can measure up to a decent French standard.

EAC Transport Agencies has quite a bit of experience in shipping wines: the company already transports the produce of such new, interesting wine nations as Australia and California.



Massive market for egg trays

In Brazil 70% of the population use egg trays produced by Mapol, the EAC company in Sorocaba. The company

was set up 17 years ago and equipped by Brdr. Hartmann of Copenhagen.



FIVE PRODUCTION LINES

The demand for Mapol products increased so rapidly that three production lines were in operation by 1976. Another two have since been added. When the company began operating in 1971, its output was 40m packaging units. Today it has an annual production of 350m units.

The raw material is old newspapers and cardboard, which are specially processed into moulded pulp for packaging – mainly for eggs but also for locally grown fruit and vegetables.

530 EMPLOYEES AT MAPOL

Mapol employs 530 people at its 18,000-m² plant. A large number of employees have been many years with the company. One reason the company can hold onto its staff could well be the many facilities available to employees, such as intensive English-language tuition.

Mapol is managed by Martin Grome, who is also responsible for EACI.



Plumrose brought the hotdog to Venezuela

Industria Envasadora Nacional C.A. – IENCA for short – is the parent company responsible for EAC Plumrose Division's development in Venezuela. In spring 1988 Plumrose was able to celebrate 35 years in this particular market – and sales close to D.kr. 1,000m. Plumrose is one of Venezuela's leading food producers.

20 PRODUCTS

The company began business by selling and distributing canned foods imported from Denmark but import restrictions in the 1960s put a stopper to that. Plumrose – an acknowledged specialist in canned meats – then developed the new skills necessary to produce and market 220 different products from sausages and hams to steaks. The main production centre is a modern abattoir in the town of Cagua, near Caracas, but other Plumrose factories also produce canned fish products, fruit, cheese and jams.

IMPRESSIVE DISTRIBUTION SYSTEM

The company's product range today includes vacuum-packed meat products, which account for no less than 60% of production. Five thousand hogs are slaughtered weekly and distributed to 11,000 customers – mainly large supermarkets and wholesalers – and in the course of a week Plumrose delivery vans call at 45,000 different outlets.

No matter where the customer has his premises in Venezuela, Plumrose can deliver the goods within 24 hours – an impressive distribution system, considering that Venezuela is 25 times the size of Denmark. There are distribution centres in five regions throughout the country.

STAMP OF OFFICIAL APPROVAL

Plumrose in Venezuela has a reputation for quality – and the company's packaging car-



ries the authorities' blue seal of quality. It was Plumrose who introduced the Venezuelans – many years ago – to the hotdog, and there are stands everywhere with the Plumrose logo: a happy, tail-wagging dog. Seventy per cent of the population is below the age of 30, and Plumrose marketing aims particularly at this consumer group. In addition to the hotdog, one other Plumrose specialty is extremely popular: sugar-glazed Christmas ham, with pineapple, cherries and cloves – appetisingly wrapped in cellophane.



The Danish foreign minister:

Democracy on the move in South America

By Foreign Minister Uffe Ellemann-Jensen

For many years Western Europe – with the possible exception of Spain and Portugal – looked upon South America with a certain aloofness tinged with more than a dash of scepticism.

This picture has changed quite radically, however, in recent years. Democracy has swept across the continent. Argentina, Brazil, Peru and Uruguay have all undergone a difficult transition to democracy. In the last of the old-style dictatorships in this part of the world, Chile and Paraguay, this process is yet to come – but considering the strong

undercurrents at work in the peoples of these countries the present regimes are unlikely to last many more years.

CLOSER POLITICAL RELATIONS

With an eye to this development, Denmark and other members of the European Community as well as the other Nordic countries has been forming ever-closer political relations with countries in Latin America. In 1986 this led to the formation of The Rio Group, also known simply as The Eight. The countries concerned are Argentina, Brazil, Colombia, Mexico, Panama, Peru, Uruguay and Venezuela. Except for Panama, which is at present excluded from this exalted com-

pany, the countries represent all those in Latin America with a democratic tradition. But at the same time they are countries which, facing a very difficult economic situation on account of heavy foreign debt, are unable to exercise the international influence to which the size of their respective populations and their economic potential entitle them.

ENHANCED IMPORTANCE

Once these problems are dealt with, however, there is little doubt that we shall see these countries as the nucleus of a South America of vastly enhanced political and economic importance. The South American

countries have been plagued by external debt since the early 1980s; there are indications that this problem will persist for many years to come.

This means that for most South American countries the financing of imports is likely to remain a major problem.

It will still be necessary to direct a large portion of their export earnings towards the repayment of capital and interest on their foreign indebtedness, and they will continue for some years to find it difficult obtaining adequate access to medium and long-term loans and export credits.

MAINTAINING ACTIVITIES

In the light of these debt problems, Danish exports have not had an easy time in South America. It is a fact, however, that in spite of the indebtedness of the region, Denmark has managed to maintain the volume of its exports to South America – although the region's share in total Danish exports has declined.

This reflects the fact that a number of Danish enterprises (among them, EAC) have succeeded in maintaining – and in some cases have indeed expanded – their activities in South America instead of yielding to the problems immediately facing the national economies of the countries concerned.

ECONOMIC POTENTIAL

This is an extremely interesting and positive development. I am in no doubt whatsoever that many of these countries, primarily Brazil and Venezuela, represent a vast economic potential and with their large populations can once again become interesting long-term markets for Danish exports. There have indeed been signs recently of some improvement in the economic development of some of these countries. Brazilian export earnings, for example, rose substantially in 1988, and economic growth would once more appear to be on the move. But a point of equal importance is the fact that the government is now actively seeking to normalise relations with its foreign creditors. Brazil has entered into an agreement with the International Monetary Fund for an economic reform programme and loan facilities from the Fund. This has opened up the prospect of concluding debt-rescheduling agreements with private banks and public creditors and has revitalised Brazil's possibilities of attracting credit for the country's economic development.

NEED FOR REFORM

In the case of Argentina, there has been little sign that the economy is improving. It is to be hoped that the government, in consultation with the International Monetary Fund and the World Bank, will succeed in launching an effective and viable programme of economic reform.

It is my general impression that among many South American countries there is a growing understanding of the fact that the economic problems to which the debt crisis has given rise must be solved in the context of a close, trusting and stable relationship between the government of the country in question, the international financial institutions and foreign private and public creditors. It is important that this trend should be maintained.

At the same time Western industrialised countries for their part must continue their efforts to create a better climate for the world economy and further promote the process of liberalising the international trade system.

IMPORT RESTRICTIONS

During the past four years Danish exports to South America have been hampered by import restrictions in these countries. This problem is linked, of course, to the debt problems to which I have referred. Despite these difficulties, however, many Danish companies continue to maintain substantial exports to Latin American countries – chiefly Brazil, Argentina and Venezuela. A large part of this export comprises shipments to the many Danish subsidiaries that have been set up in recent years.

I have found in talks with my South American colleagues – for example during my visit to Brazil and Venezuela in the spring of 1986 and most recently during the visit to Denmark this year of the Brazilian foreign minister – that all parties have expressed an interest in expanding relations with Denmark.

Developments in Latin America deserve to be followed with great interest – particularly by the Danish business community.



EAC looks at South American wool

Bloch & Behrens ApS, an EAC subsidiary, is keeping a close watch on South American wool production with a view perhaps to setting up business in one of the three countries from which Bloch & Behrens buys wool. South America is a very important supplier of wool to the world market.

SELECTED EXPORTERS

The EAC company purchases wool from specially selected exporters, with their own processing machinery, in Uruguay, Argentina and Brazil. Annual purchases are in the region of US \$10m, and the bulk of the wool is sold in Western Europe. Bloch & Behrens also acts as agent in certain East European countries for South American wool suppliers.

ARGENTINA LARGEST

Argentina is by far the largest wool producer (152m kg p.a.), especially fine wools for the clothing industry. The country exports large quantities of both greasy wool and scoured and combed wool. Uruguay produces large quantities (90m kg p.a.) of medium and coarser wools, used for knitwear purposes. The bulk is sold in a scoured and combed state. Brazil produces medium to coarse wool, and the bulk is used by the country's own textile industry. Surplus production is exported in the form of combed wool.



The customer gets to know – and appreciate – the high quality of Plumrose products through in-store demonstrations and product sampling.

Battling for a share of the market

It takes a lot of work and investment when, like Plumrose, you want to bring a new product to the Venezuelan market. Especially when the chief competitor is Underwood, the food giant whose name has hitherto almost been synonymous with the product in question: devilled ham (Ed.: a cross between country spam and liver pâté).

After a series of unsuccessful attempts to break into the devilled ham market, Plumrose tried another tack: improving its quality well beyond that offered by the market leader. In September 1986 it was ready to sell 'Festival Devilled Ham'. The product was immediately welcomed by the consumer, although it captured only a modest corner of the market. The general public still had to learn of its existence.

TV CAMPAIGN

The next phase of the plan was to design a marketing strategy to call attention to the new product. In mid 1987 the company ran a national TV campaign, followed up by in-store displays and samples in the leading supermarkets (the latter idea was new to the Venezuelan consumer).

The special effort paid off. The consumer took a liking to Festival Devilled Ham – and Plumrose's sales organisation gathered momentum to intensify the sales campaign. The campaign highlighted the product's quality, and production made sure that the quality was indeed superb.

The improved quality was hailed at Venezuela's prime food fair, Expo Alimentos – where more than 70,000 visitors (80%) chose Festival Devilled Ham as the best

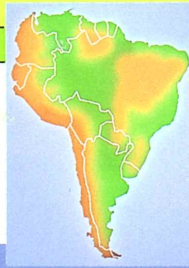
product at the fair. The title carried with it an award from the fair organisers.

This distinction was obviously advertised widely in the press, with emphasis on the product quality. The result was a sharp rise in consumer sales.

COMPETITOR HITS BACK

The success of Festival Devilled Ham, however, has forced the competitor, Underwood, to make a greater sales effort. The company now does things it never used to do: in addition to TV commercials, it now offers special discounts, giveaways, invitations to company visits, etc. All in an attempt to recapture the share of the market lost to Plumrose.

It promises to be a tough battle for the Venezuelan consumer – but Hildur Jacobsen, general manager of Plumrose in Venezuela, tells EAC Magazine that his company is ready to face the challenge.



EAC Plumrose Division:

South America could be feeding the world

Despite a high rate of inflation, it is possible to earn money in South America. And I think EAC has proved this point over the years. South Americans are people of wonderful character, and Danes enjoy a positive reputation here. I have lived in South America for 20 years, and I firmly believe that Brazil and Argentina can become a granary or larder for the rest of the world, says Jan H. Laursen, general manager, EAC Plumrose Division.

EGG TRAYS AND TIMBER

EAC's commercial interests in the region date from 1942. They expanded until the 1970s, when activities slackened somewhat. In the 1980s there has been a new upsurge.

EAC's activities in South America are centred in Brazil, Venezuela, Colombia, Ecuador and Peru. In Brazil EAC Trading Division operates Mapol, a moulded-pulp company, and timber activities. Earlier EAC activities

in Brazil – a sawmill and forestry concessions – were sold in 1979.

MODERN DANISH PRINCIPLES

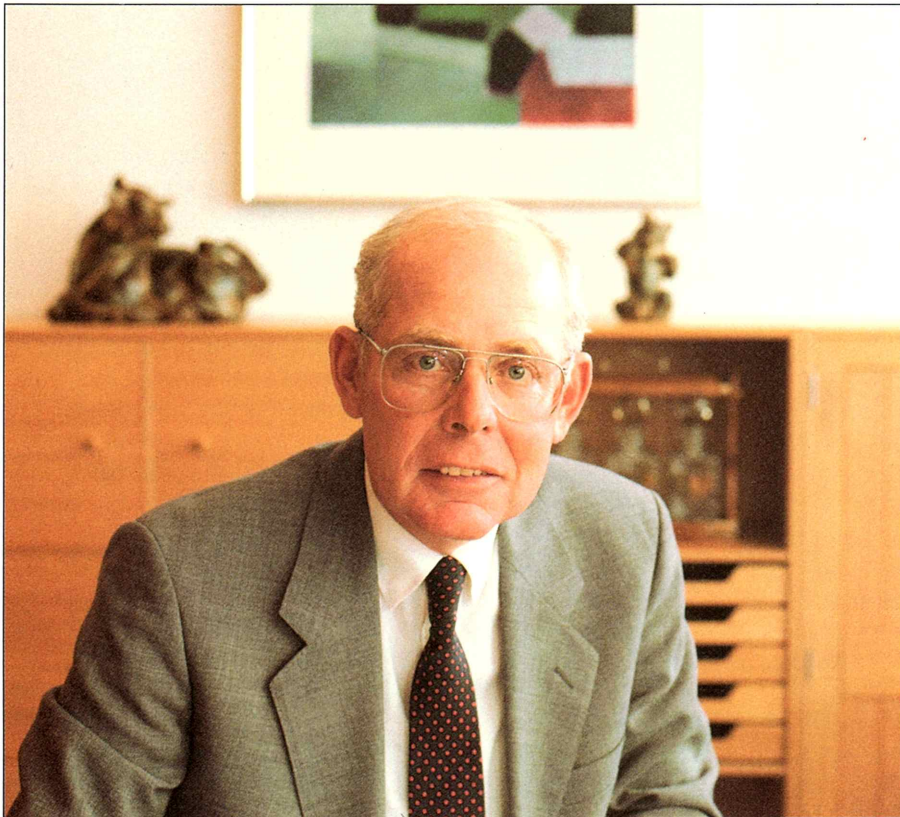
In Venezuela and Ecuador the EAC Plumrose Division controls the bulk of the meat sector. The EAC Plumrose Division runs the two countries' largest abattoirs and meat-processing plants in accordance with the most modern Danish principles. Plumrose brand products are marketed in every country in South America.

Distribution of perishable products is a problem in South America, however, because it is difficult and expensive with long distances and the many climatic zones to get the product to the consumer in a fresh condition. There is therefore still a heavy demand for canned products.

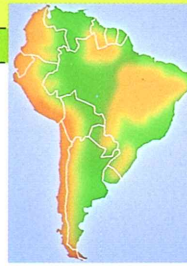
South America makes up its own internal market, and many foreign enterprises have set up business there. Scandinavian investors include a number of Swedish companies (truck assembly is one of the activities) and Denmark is also well represented – thanks to companies like EAC.

Portuguese is spoken in Brazil, Spanish elsewhere in South America. A knowledge of English is simply not sufficient.

'Fluency in languages is essential here. Once you are able to make direct contact with the people, South America holds tremendous potential for trade and general expansion' says Jan H. Laursen, general manager, of EAC Plumrose Division.



Jan H. Laursen, general manager



New partner in Belem

Sebba is the name of EAC's new partner in Belem, Brazil. It was agreed earlier in 1988 that EAC would purchase Sebba's output of sawn mahogany for Europe. The principal buyer will be the EAC subsidiary, East Asiatic Timber Ltd., of Britain.

The founder of our new partner – Gilberto Sebba – started business in a small way in 1959 and is a living example of what can be achieved with initiative and drive. Right from the outset the company has expanded, and today it owns many sawmills throughout Brazil.



BROTHERS, TOO

The company has gone from strength to strength, and Gilberto Sebba has gradually brought his six brothers into the business to handle a wide variety of functions in Sebba-Industria Madeireira e Exportadora Ltda, which is the full name of the company. The six brothers, in addition to the founder, are: Antonio Sebba Filho, Edson Sebba, Judet Antonio Sebba, Sergio Sebba and Wanderley Sebba.

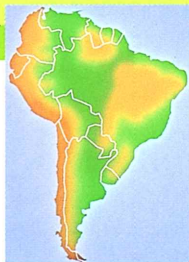
EAC WAS FIRST CUSTOMER

When Sebba began producing mahogany in 1967, EAC was its first customer. EAC widened its circle of suppliers but the bond was tied more firmly this year when Sebba became a regular contract supplier of Brazilian mahogany to EAC.

Sebba inaugurated a large new sawmill at Belem this year. The sales manager at the new plant is someone with whom EAC has had strong day-to-day contacts: Peter David Young, born in Brazil of British parents.

To cater for the increasing overseas demand for Brazilian mahogany, EAC has set up its own export yard in Belem via its Brazilian subsidiary, Este Asiático Comercio e Indústria Ltda, and will be exporting both to Europe and to the United States. EAC expects to purchase well over 30,000 m³ of Brazilian mahogany in 1989 in addition to a volume of other Brazilian timbers.

Sebba's sales manager is Peter David Young – pictured here by a stack of sawn mahogany.



EAC goes to great heights

The highest EAC office in the world is in Quito, the capital of Ecuador, at a height of 2,810 metres above sea level. In addition to the breathtaking scenery, the thin air and the occasional visit of the condor, Quito also has Ecuadasa Plumrose, an EAC subsidiary based here since 1977. The company has 214 employees and sales of D.kr. 40m – so a large proportion of Ecuador's 10m inhabitants have developed a taste for Plumrose products.

DELICATESSEN PRODUCTS

The main product area is such delicatessen products as cold cuts, sliced sausage, bacon, etc. The factory is in the port of Guaya-

quil, and Plumrose has also an office in Manta. Plumrose will actually be moving from its present factory site because it is close to a military training establishment, which the authorities wish to expand.

HALF OF THE MARKET

The Guayaquil abattoir processes both pigs and cattle, producing 20-25 different products. Plumrose has a strong market position in Ecuador. The manager of Ecuadasa-Plumrose, Jørgen Erik Nielsen, reports that the company is the largest foreign enterprise, with about 50% of the market.

WORLDWIDE

A panda from China

The honorary president of The Sichuan Foreign-Invested Enterprise Association, Gu Jinchi, visited EAC Head Office in October as the head of a delegation from the Chinese province of Sichuan. The delegation was invited to lunch by Flemming Hasle, EAC managing director. One of

the president's gifts was a toy panda: Sichuan province is the only place in the world where the panda lives in its natural state.

In the picture Flemming Hasle receives the toy bear from Gu Jinchi.



Target prize for Venezuela



The individual countries in the EAC Plumrose Division compete with each other to see which is the most successful in achieving its budget targets. Each year's winner receives the Target Prize. The winner for the 1987 finan-

cial year was Plumrose, Venezuela, and the award was presented at a special summer ceremony – which also celebrated the organisation's 35th anniversary. Hildur Jacobsen, general manager, IENCA, holds aloft the trophy his company won.

Fibertex expands

Fibertex ApS, the Danish EAC subsidiary, is investing a total of D.kr. 120m over a three-year period in new production facilities for new products and increased capacity. By the time the work is completed in 1991, the company will have increased its annual

capacity from 70m² to 120m² of industrial textiles for the furniture, mattress and carpet industries and for the construction and horticulture sectors. More than 90% of production is exported to Western Europe, North America and the Far and Middle East.



Fibertex products are used for the renewal of road surfaces and other purposes.

Exhibition orders



EACgraphics Division received numerous orders during the important graphics industry fair, IPEX 88, in Birmingham. One was credited especially to MSLgraphics, Bombay. The purchaser, the Indian repro company, Commercial Art, purchased a sophisticated page make-up system. The company already uses two Crosfield scanners.

Pictured (left to right) at the signing of the contract: seated, Ole Sørup Rasmussen, MSLgraphics, Bombay; the Poonawala brothers, Commercial Art; and Harry Byrne, Crosfield Electronics. Standing, Bent K. Kierkegaard, EACgraphics Division; Lars B. Janneryd and James D. Salmon, Crosfield Electronics.

Great interest in interim reports



The stock market is vividly interested in the interim reports of listed companies – and EAC's report for the first six months was no exception. Advance interest was exceptional.

Interim reports are also awaited with interest in overseas markets in which EAC subsidiaries are listed on local stock exchanges, i.e. in Thailand, Malaysia and Hongkong.

EVALUATION

It is vital for investors to be able to form an evaluation during the year based on the results achieved by the company in which they

own a share. It gives them an impression of events without having to wait for the annual report, and reading regular reports is a good way of assessing how the fortunes of a company are progressing.

REQUIREMENT

The stock exchange itself lays great store by these regular reports, and indeed most exchanges make it a mandatory requirement that companies – as a very minimum – issue semi-annual reports. No interim report as such is published in Thailand but the half-yearly report for The East Asiatic Company (Thailand) Limited is submitted to the

Bangkok Stock Exchange, which publishes the results.

Malaysia and Hongkong both publish an interim report, which also announces the amount of interim dividend.

Malaysia published on August 29, followed by Hongkong – and on September 15 EAC Copenhagen published its consolidated report.

For the Group as a whole, business progressed satisfactorily during the first six months of 1988. Sales and earnings were substantially greater than during the same period last year – and higher than budgeted.

To illustrate the importance of currency relations for the Group accounts, which obviously are presented in DKK, and out of regard for foreign observers the accompanying operating summary includes a conversion of the figures for the first half of 1988 and 1987, respectively, to USD at the rates of exchange prevailing at the end of the two periods.

OPERATING SUMMARY FOR THE GROUP

	DKK million			USD million	
	1st half 1988	1st half 1987	Whole 1987	1st half 1988	1st half 1987
Net sales	8,499	7,345	14,472	1,231	1,058
Gross profit	1,929	1,679	3,324	279	242
Result before financing expenses	284	229	619	41	33
Result before taxes	151	67	473	22	10

For the whole of 1988, the budgets, updated as at 30th June, show sales and earnings which for all seven divisions are higher than in 1987, and, for several divisions, substantial improvements are anticipated.

The results of the Far Eastern companies for the first half of 1988 compared with the corresponding period of 1987:

FAR EASTERN COMPANIES

	EAC (Thailand) THB mill.		EAC (Malaysia) MYR mill.		EAC (Hong Kong) HKD mill.	
	1st half 1988	1st half 1987	1st half 1988	1st half 1987	1st half 1988	1st half 1987
Net turnover	1,254	983	110	93	460	187
Profit before tax	127	58	17	14	14	18
Profit after tax	98	40	10	9	12	15
DKK rate per 100 units	27.06	26.83	264.81	274.76	88.49	88.95
Interim dividend	—	—	5%	6%	12%	n.a.
Share capital, mill.	THB 600	THB 600	MYR 125	MYR 100	HKD 100	n.a.

An advantage to convert bonds

In 1983 EAC and EAC Holding issued 7% convertible bonds 1983/90 to the value of DKK 382.5m and DKK 105m respectively. It was at the time the largest capital increase on the Danish capital market – and was considered the best investment the market had to offer.

Existing shareholders were offered bond options, and convertibility gave bondholders two choices: either to convert to shares some time during a specific period or to cash them at a price of 170 points in 1990. Conversion was possible in 1986 and 1987 and again this year during the period November 18 to December 19. The last oppor-

tunity for conversion is during the same period in 1989.

ADVANTAGES

The majority of bondholders have already exercised their right to convert their bonds to shares. Almost 75% of the original loan has now been converted.

Conversion to shares affords the bondholder substantial advantages:

- Shares have a higher face value than the bonds they replace. After the capital increase in 1986, the conversion rate was adjusted to 86.65 for EAC and 88.52 for EAC Holding. A bond value of DKK 1,000

is exchanged for shares to the value of DKK 1,150 in EAC and DKK 1,125 in EAC Holding.

- Greater yield. As a result of the tax refund on share dividends and the higher face value, the gross yield with a dividend of 8% is 60% higher than the yield on the fixed-interest bonds.
- During the year of conversion 7% interest is paid on bonds up to November 18 and new shares will be entitled to half the dividend declared for 1988, payable the following spring.
- Shares are exempt from the Danish real-interest levy; this is important in respect of pension savings.
- No tax consequences arising from the actual conversion. Shares obtained by conversion are considered as having been acquired at the time of acquisition of the converted bonds.

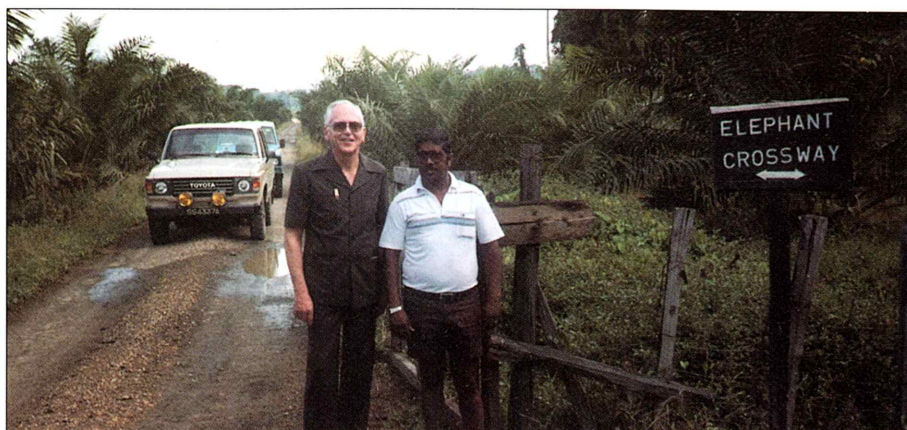
Bondholders considering conversion can obtain a leaflet and pamphlet with further details (in question and answer form) on application to EAC Shareholders' Secretariat, phone 01 11 83 00 ext. 641 or 659.

Look out: Elephants crossing

Kumarasamy s/o Suppiah – or simply S.K. Samy to his friends – is 48 years old and plantation manager at EAC's Dagat Batete plantation in Sabah. This year Mr. Samy can celebrate 25 years with the company. During this period he has been responsible for new-planting and re-planting work and for developing more than 70% of the plantation area.

The EAC plantation has much in common with a small urban community. It has a population of 2,000 people, its own hospital, own school and private airstrip. Due to shortage of local labour, most of the workers are Indonesian.

The plantation has grown considerably in the past 25 years. Today it provides one of the biggest yields in the region. In the old



Pictured at the elephant crossway: O.F. Andreasen, vice chairman, EAC Supervisory Board, and (right) S.K. Samy, plantation manager.

days it was far from civilisation, a two-day journey by boat; now visitors can reach it by air in 20 minutes.

LOCAL HUMOUR

Mr. Samy is married and has three children. He was appointed manager in 1978. In addition to his practical duties as plantation manager, he also has to deal with many of the personal problems of his staff. And he is the local badminton champion.

Mr. Samy has his own brand of local humour. For many years the area was troubled with elephants, which trampled all over the vegetation – as only elephants can. Mr. Samy found they had a favourite crossing point at the river so he erected a sign – in English – informing the elephants that they could pass via this point. It is also a warning to other road-users that they risk meeting a three-ton, four-leg drive vehicle with two tusks.

Recycled waste becomes food



Waste products from the Carlsberg brewery in Shah Alam and high-protein waste products from the EAC oil mill at Teluk Merbau in Malaysia are proving a feast for talapia fish, a type of carp. And the meat of the talapia may in turn be suitable as food for the tiger shrimp.

EAC in Malaysia is currently conducting a shrimp-farming pilot project on a 5-hectare site, comprising six ponds.

At present each pond produces 1-1½ tons of shrimp every four months, which is sufficient output to justify expanding the project.

HIGH FEED COSTS

Feed accounts for about 60% of the total cost of raising shrimps. For this reason EAC in Malaysia is examining the possibility of setting up its own production of this vital ingredient – not only for its own use but also for sale to other fish farms in Malaysia, thus eliminating an expensive import.

The benefit for Malaysia is obvious: a waste product has become a means of reducing imports.

A tiger shrimp down on the farm.

In April 1989 the first blossoms will be harvested from a crop of 120,000 orchid plants on a four-hectare area near Nilai in the state of Selangor, Malaysia.

The orchids have been planted as a joint venture between EAC and the Danish Industrialisation Fund for Developing Countries (IFU).

It is a pilot project and something of an experiment. The EAC organisation in Malaysia, working closely with Nedlloyd-EAC Agencies in Port Kelang and EAC Transport Division in Denmark, is investigating the prospect of exporting orchids and dwarf palms from Malaysia to Europe and important markets in the Middle East.

Shipments will be partly by air (the traditional means of moving such cargo) and partly by sea, which – if successful – will greatly reduce the unit cost of transporting the flowers.

READY TO PLANT

If the experiment proves a success, EAC in Malaysia is ready to devote a larger area to the cultivation of orchids and dwarf palms and to export the harvest.

The main item of expenditure is the energy needed to develop the flowers. At present, orchids are mainly grown in Europe – in artificially heated greenhouses.

Malaysia, with its tropical climate, a temperature of 20-25° and sunshine every day, has the climate of a greenhouse – so substantial savings are possible in that field.

EAC is also co-operating with Malaysian government agencies with a view to developing tropical fruits and vegetables suitable for transport by sea over long distances. So far, there is heavy demand abroad



for such products as baby bananas, star fruit and asparagus.

Under the development project, EAC in Malaysia is in the process of setting up a laboratory for tissue culture, financed by a research and development grant from IFU.

RESEARCH CO-OPERATION

Researchers from the Malaysian government agency, Malaysian Research & Development Institute, will be working in conjunction with Denmark's Royal Veterinary

College. EAC's international marketing organisation will market the products worldwide under the brand name 'EMAS', meaning 'gold' in Malay.

EAC has the right background for this special development work: the company has engaged in extensive plantation operations in Malaysia since 1905 and has long experience in transporting many kinds of products over great distances – a fine example of synergy effect, where 1 + 1 equals more than 2.

Manufacturing 200m rubber gloves a year

Next February a new EAC subsidiary, EAC Rubber Industries Sdn. Bhd., will begin production of rubber gloves in Malaysia. The target is an annual output of 200 million gloves. Users will be doctors and nurses throughout the world. Hitherto, rubber from EAC plantations in Malaysia has been exported but EAC has heeded the Malaysia government's request to set up manufacturing facilities. The company has decided that it is natural that the production of rubber gloves should be sited near the raw-material source.

NEGOTIATIONS

EAC plans negotiating with established manufacturers of rubber products in the United States and Europe with a view to entering into business relationships – in order to move the processing of crude rubber closer to Malaysian industry.

The price of natural rubber has risen markedly over the past year or two. Malaysia rubber in particular has shown a handsome rise, thanks to its excellent quality.

Siti Hansen is a food expert

In the 1950s EAC posted Svend Hansen, a chemical engineer, in Malaysia to manage the latex factory in Taiping north of Ipoh on the western coast of the Malacca peninsula. Mr. Hansen married a Malaysian nurse in Taiping. Before returning to Denmark in 1965 he tried his hand at selling motor cars, which was an EAC activity in Malaysia at the time. His daughter, Siti, spent only her first two years in Malaysia.

BACK HOME

Siti Hansen (24) is now back in her native country, working for EAC(M)'s new department, EAC Export, in Petaling Jaya (Kuala Lumpur).

Trained as a food-industry technician at the Meat Processing School in Roskilde, Ms. Hansen – and three other EAC Exports colleagues – are responsible for building up a new business from scratch. The basic idea behind EAC Exports is to exploit the many opportunities in Malaysia for exporting fresh fruit, dried fruit, canned products and other foods, spices, etc.

TEST KITCHEN

A test kitchen has been built so that Siti Hansen can experiment with exotic recipe dishes and TV dinners which are expected to be of interest in the export markets of Europe and North America.

Ms. Hansen is applying her three-year train-

ing in microbiology, chemistry, refrigeration and packaging, combined with her experience from working with a Danish dairy company, to develop the best methods of transporting products so that they travel in optimum condition from Malaysia to their destination markets.

EXPERT ADVICE FOR GROWERS

Her job requires that she makes regular trips throughout Malaysia, visiting fruit growers. It is important to build up a sound relationship to growers – and one way is to provide expert advice on improving the harvest and its quality. The many interesting fruits include mango, baby bananas, papaya, rambutan, star fruit (carambola) and asparagus.

CLOSE RELATIONS

EAC Export has developed close relations with the Malaysian authorities. In several areas fruit growers have formed unofficial co-operatives. EAC Export is currently examining the possibility of setting up a juice project in Malaysia in conjunction with Rynkeby Mosteri and Carlsberg International.

JUNGLE TRACKING

Setting up a business is more than a full-time job – but Siti Hansen nevertheless finds time for recreational activities.

One of her favourites is 'jungle tracking', an activity in which people of all ages and na-



Siti Hansen photographed during a combined holiday and business trip to Denmark.

tionalties study the flora and fauna of the deep Malaysian jungle – on tours that often last for several days.

After dark there are discotheques to while away the hours – and here in Malaysia there are lots of delicious, refreshing fruit juices that other markets (like Denmark) might envy!

CANADIAN VISIT

After a combined holiday and business trip to Denmark in August, Ms. Hansen returned to Petaling Jaya via Canada – where she discussed with EAC Canada the possibility of EAC Export selling Malaysian products to that market. EAC Canada has in fact many years' experience of importing and selling dried fruits and related products.

Brief look at Malaysia

Malaysia comprises 13 states. Kuala Lumpur is a federal state and the federal capital. It is also where the national legislative assembly meets.

Each of the 13 states has its own democratically elected local government, headed by a prime minister.

Malaysia's population of 17m people is primarily made up of Malays (45%), Chinese (34%) and Indians (12%). Of these, 6m

people make up the active workforce. Fisheries, forestry and agriculture are Malaysia's main sources of income. These three sectors employ 2m people, while industry employs 0.8m.

The Malaysian government considers this an unfortunate imbalance – which is why it wishes to see as many of the country's own raw materials as possible processed in Malaysia instead of abroad, as happens at pre-

sent. This is where EAC is proving its value, with such qualities as know-where, know-when, know-who and know-how. Since the turn of the century EAC has shown a succession of Malaysian governments that it has the ability and will to help promote Malaysian development – and ultimately the national economy.

The EAC structure in Malaysia

EAC head office in Malaysia is in Petaling Jaya, near the capital city, Kuala Lumpur. The organisation has offices and properties throughout the Malaysian peninsula and in the states of Sabah and Sarawak.

Activities cover a broad field of primary and secondary industries serving both the home and the export markets. These activities can be classified as follows:

PRIMARY INDUSTRIES:

Rubber, oil-palm and cocoa plantations, with plans for developing flower and food production.

SECONDARY INDUSTRIES:

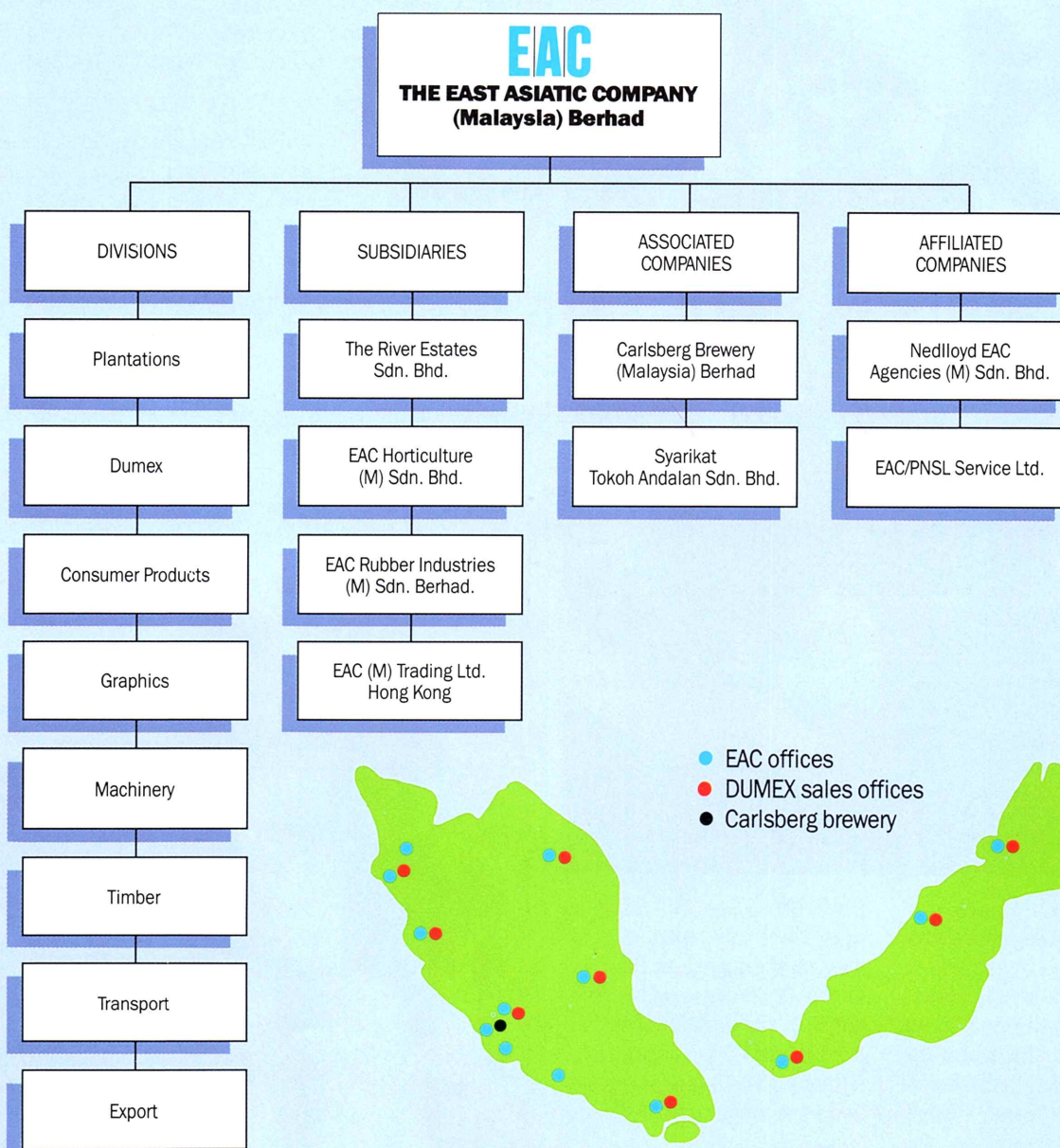
Production of baby foods, powdered milk, pharmaceuticals and beer.

TRADING:

Sale of equipment for the graphics industry, a wide range of foodstuffs, petfoods, biscuits, chocolate products, cigarettes, etc.

TRANSPORT:

Close associations with Nedlloyd EAC, which – as agent for ScanDutch and Nedlloyd – offers shipping services worldwide.



PANDA saves boat people



Although the sea was calm, it was Capt. Jens Ole Jensen's assessment that 27 Vietnamese boat people (refugees) were in a critical situation when the ms PANDA rescued them on September 8. The weather forecast promised a hurricane – which would probably have thrown the refugees into the shark-filled

South China Sea. The refugees were landed in Japan, and for their humane gesture the crew of the PANDA received a telegram of congratulations from the UN High Commissioner for Refugees. The refugees are pictured climbing the PANDA's outboard stairs.

Joint venture on wool

Bloch & Behrens, the EAC subsidiary, has concluded a joint-venture agreement with a Chinese company, Tianjin Textile Import & Export Union and The Australian Wool Corporation to build a wool-scouring facility in Melbourne, Australia. Under the terms of the agreement, the Chinese partner will purchase Australian greasy wool through Bloch & Behrens in Australia and will utilise up to 50% of the capacity of the new Melbourne

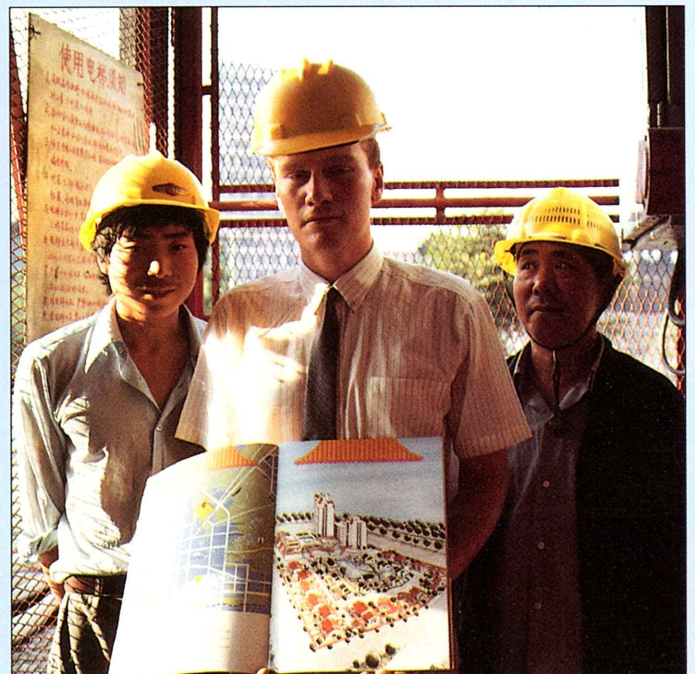


scouring plant, Greenfields Woolscour Pty. Ltd. Bloch & Behrens will invest approx. D.kr. 40m in Greenfields, whose logo is seen above.

Chinese project on schedule

The extensive building project, East Lake Villas, which is a joint venture between Shoudu Iron & Steel Company and East Asiatic Company (Hong Kong) Ltd., is proceeding according to schedule. The building project in Beijing has been designed as rental

accommodation for businessmen and their families, and it is hoped the first dwellings can be ready for occupation by the end of this year. The whole scheme will be completed by the end of April, including adjacent recreational areas. In the picture, Henrik Lungs-gaard, sales manager of East Lake Villas (centre), inspects the project accompanied by two colleagues.





Scooter exports to Singapore

September 6 was a red-letter day for Danmotors in Indonesia: the first shipment of Indonesia-built Vespa scooters was exported on that date to Singapore, where they will be marketed by EAC's local organisation. Danmotors expects soon to be exporting Indonesia scooters to other countries in the region. In the picture Hans G. Tabalujan, president of P.T. Danmotors Vespa Indonesia, celebrates the dispatch of the first container shipment by cutting a silver ribbon. The moment drew applause from staff



Jungle hillock named after Dane

When EAC purchased a stretch of jungle in Eastern Malaysia in the late 1970s, one of the first men on the spot to make an inspection was Erik Andersen. The inspection party hacked its way through the thick undergrowth, and at one point on the route it had to climb a steep hill-ock. Everyone puffed and perspired to the top. On the way down the other side there was a sudden outburst of tropical rain, the ground became wet and slippery – and Erik Andersen slid in an undignified manner through the sticky mud. The words he uttered are not fit for the eyes and ears of an EAC Magazine reader. The locals recalled the incident when they later came to naming the hill-ock. They called it Bukit Erik And (Eric's Hill). And they built a lookout tower at the top. The tower has now been replaced by a higher lookout post, built from one of the world's hardest timbers, Billian. There is an incredibly fine view from the top. And the name of the hillock has now been translated into Danish: Eriks Bakke.

The EAC Group continued its expansion in 1988, and the balance sheet on these pages shows the Group's position at the time of going to press. By the end of the year the EAC Group will have invested about D.kr. 1,000m. The Group's strategic plans, demanding as they do a synergy effect in relation to existing activities, have had an encouraging effect on the many new activities.

Expansion has occurred as a balance between internal growth and investment in external enterprises, and by geographical and product diversification.

DKK 1 mia.
investment programme

Healthy growth in EAC activities in 1988



WOOL-SCOURING IN AUSTRALIA

A subsidiary of the division, Bloch & Behrens, the wool company, in conjunction with Australian and Chinese partners, has set up a wool-scouring facility at Greenfields in Melbourne, which will be one of Australia's largest and most modern plants of its kind.

CONSUMER PRODUCTS IN THE FAR EAST

EAC Consumer Products Division has invested in growth areas Thailand and Malaysia. At EAC's plantation, Teluk Merbau, Malaysia, palm-oil production has been supplemented by an interesting new shrimp-farm-

QUALITY ESSENTIAL

All new activities in 1988 and in the years ahead must live up to an essential quality standard in respect of human resources, the Group's products and services, and the ability to generate added value and secure a mutual dividend in relations with all EAC associates.

The Group's far-ranging know-how in international marketing is the common denominator in all our activities. As a result of acquisitions and joint ventures new jobs have been created, new technology has been introduced in our subsidiaries, and the EAC fleet has been thoroughly modernised. Many of these activities have been implemented as a natural step in preparation for EEC's internal market.

TIMBER BUYING AND SYNERGY

The EAC Trading Division, a power to be reckoned with in international timber trading, has achieved a synergy effect in both

EAC's large timber company, Kauri, Tasmania, set up a wood-laminating plant during the year

Canada and Australia, thereby strengthening its position. Kauri, the EAC timber company in Tasmania, has invested in a new laminating factory with a view to supplying export markets in Japan and Southeast Asia with tabletops, bench panelling, etc. Kauri's quality products are already well known throughout Australia.

TIMBER ACTIVITIES IN CANADA

In Canada EAC (Canada) has acquired a one-third share of Landucci Industries Ltd., Vancouver, a wood-component plant with 125 employees. In this case, the synergy effect has given Landucci – through EAC's international network of representatives – easier access to export markets, and in return EAC has secured production facilities for the existing wood-component business.



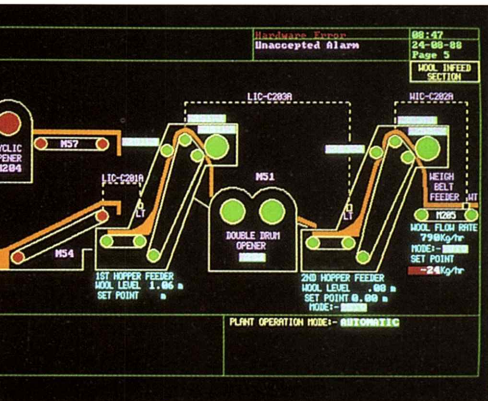
Landucci Industries, the wood-component factory in which EAC has acquired a share in Canada. The timber quality is carefully checked



ing project, which it is hoped will boost exports of shrimps from Malaysia. A pilot project between EAC and the Danish Industrialisation Fund for Developing Countries in the state of Selangor will produce the first crop of export orchids in spring 1989 – to be sold via EAC's international marketing organisation under the brand name EMAS.

CRUDE RUBBER AND RUBBER GLOVES

In spring 1989 a new EAC subsidiary, EAC Rubber Industries Sdn Bhd, will commence the production of rubber gloves. Rubber from EAC's plantations in Malaysia has hitherto been exported – now a synergy effect is felt in Malaysia between the raw material and the production of rubber gloves.



In collaboration with Australian and Chinese interests, Bloch & Behrens, Australia, has established the country's largest wool-scouring plant, Greenfields in Melbourne. It produces wool of very high quality, and the entire scouring process is electronically monitored. Here is a diagram of the sophisticated monitoring system

JOINT VENTURE WITH ICI

Major investments have already been planned and implemented in Thailand. In conjunction with the ICI Group, EAC will commence production in 1989 of a number of products including plasticisers used in the manufacture of PVC. EAC already has two other joint ventures with ICI in Thailand and one with SKF (Thailand).

THAI HYDROGEN PEROXIDE PLANT

EAC (Thailand) Ltd. has invested 15% of its share capital in a new factory, which will produce 10,000 tons of hydrogen peroxide a year for the textile and paper industries. The plant will be ready for production in 1990.

Laying the foundation stone of one of the chemical factories being built in Thailand. It will be known as ICI Asiatic Chemical Co. Ltd. and is a joint venture between ICI Australia Ltd. and The East Asiatic Company (Thailand) Ltd. After the foundation stone was laid, there was a traditional Thai ceremony of burning incense. Right to left: Henrik de Jonquieres, branch manager; Anthony William Rogers and John Marshall, both ICI; and Ayuth Haarruthai, factory manager



Our partners here are the Belgian/British group, Interlox, the world's leading producer of hydrogen peroxide. EAC has represented this group in Thailand for decades, and marketing, distribution, storage and administrative services have been entrusted to EAC.

CHEMICAL PLANT, WAREHOUSE AND SERVICE COMPANY

Another factory will open in 1991 for the production of raw materials used in the manufacture of polyester fibres. A warehouse pro-

ject has been launched this year, and building will be completed in 1989.

PLUMROSE PRODUCTS INCREASE MARKET SHARE

The EAC Plumrose Division has expanded its production facilities in both Britain and the United States. In the US the Booneville, Miss., plant has doubled its capacity - as has Plumrose's British company in King's Lynn. New extension and new plant have been installed in the closing months of 1988.



Plumrose has purchased the firm of Glenbrook Foods in Northern Ireland, which specialises in recipe dishes

SYNERGY EFFECT IN NORTHERN IRELAND

In Portadown, Northern Ireland, 24 miles south-west of Belfast, Plumrose has purchased Glenbrook Foods Ltd., a company with 75 employees. For the past few years Plumrose (UK) has been marketing the Ulster company's recipe dishes and other table-ready products in Britain. There are plans for boosting sales considerably, and new products will be introduced.

YOGHURT IN NEW ZEALAND

The division has also exploited the synergy benefit of being the leading yoghurt producer in Australia by buying a Yoplait yoghurt plant in New Zealand. Plumrose already owns four companies in Australia, and through the French company, Sodima, has begun production and marketing of Yoplait in Australia. Earlier this year Plumrose brought a revolutionary new plastic container to the food industry and introduced aseptic filling of tomato concentrate in Australia.



Werner Hansen, general manager, Plumrose (Australia), surrounded by employees at the division's new Yoplait plant in New Zealand

EAC Transport purchased six new ships in late summer. One of them was the mt PAGODA

NEW SHIPS PURCHASED

As part of the process of modernising its fleet, EAC has purchased three bulk carriers – ms CASSIA, ms CASUARINA and ms CEDRELA – all built in the 1980s. The company has also purchased two product carriers and a crude carrier. These have been named mt PAULINA, mt PAGODA and mt COLORADO. The vessels will operate in the open market.

BUSY ON LAND, TOO

In the land-transport sector the division acquired the one-third share in the Allfreight Group hitherto owned by Danish State Railways (DSB). The Allfreight Group is one of Denmark's largest shipping agency companies. EAC and DSB have been partners in the company since 1971. The new acquisition enables EAC Transport Division to integrate the agencies more efficiently under the name of EAC Transport Agencies.

SANTA FE ACQUISITION

Via EAC (Hongkong) the division has acquired – for the sum of D.kr. 40m – Santa Fe Transport International Ltd., a Hongkong company with 350 employees. Santa Fe

VIGOROUS DEVELOPMENT OF EAC'S TRANSPORT CONCEPT

Under a vigorous renewal programme, EAC Transport Division has acquired a number of ships since the beginning of the year. The division has contracted with the Korean shipping company, Hyundai, for the supply of 400 refrigerated containers which the di-

vision will employ in its increasing US refrigerated transport service. In addition, the division's Pacific Center in Pasadena, California, assumed administrative responsibility in July for Johnson ScanStar, a partnership between EAC, Copenhagen, Johnson Line, Stockholm, and Blue Star Line, London.



up Pacific Ship Management as a joint venture with local interests. The company operates three refrigerated container vessels and a bulk carrier on a management basis. Another new joint-venture company, Pioneer Barging (Singapore) Pte. Ltd., will supply bunkering service to vessels at anchor off and in the port of Singapore. In another major development United Asiatic Co., Bangkok – in which EAC has a majority holding – has invested D.kr. 15m in a brand-new container terminal in Thailand. The terminal extends to 16,000 m².

OIL EXPLORATION AND PROPERTY PROJECTS

EAC Energy & Property Division has invested

substantially during the year in three preliminary wells in the search for gas and oil in the North Sea. Drilling work has been conducted in collaboration with Danish and international companies. In summer the division assumed responsibility for development of the Group's property holdings.

KNOW-HOW IN VEGETABLE OILS

The EAC subsidiary, R.T. Briscoe (Nigeria) Ltd., has acquired a 60% holding in Coconut Industries Ltd (CIL), which manufactures vegetable oils. The purchase includes a 220-hectare coconut-palm plantation. EAC already possesses extensive know-how in the production of vegetable oils via another subsidiary, DS Industries in Denmark.

has a very strong market position in Hongkong, China and Singapore and in Vancouver and Toronto, Canada. The company specialises in a number of fields including land transport in China – a market in which EAC has been established since 1900. The acquisition consolidates EAC's position in the region and will have a positive synergy effect on the division's other activities.

JOINT VENTURE IN SINGAPORE, PORT TERMINAL IN THAILAND

In Singapore EAC Transport Division has set



The oilmill in Nigeria processes palm kernels and coconuts. Fibres are a byproduct of the latter and are converted into matting, ropes and other products



The large Hongkong-based transport company, Santa Fe, handles many special tasks in China – including the transport of glass from a glass factory in Shekou to a wide variety of international destinations

NEW HEAD OFFICE IN DENMARK

On publication of EAC's six-month report in September, the division was able to announce plans for building a new EAC Head Office in the Free Port of Copenhagen. The division is also investing more than D.kr. 100m in expanding production capacity at the Fibertex plant in Aalborg. This investment will create about 80 new jobs in Aalborg.

THE EAC FOUNDATION

Finally, it may be mentioned that EAC set up The EAC Foundation during the year. Its objective is to support research, protection of the environment and educational activities in the business sector in which the EAC Group operates.

